Federal Acquisition Regulation

Parent topic: <u>Subchapter C - Contracting Methods and Contract Types</u>

Part 13 - Simplified Acquisition Procedures

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13.000 Scope of part.

This part prescribes policies and procedures for the *acquisition* of *supplies* and services, including *construction*, research and development, *commercial products*, and *commercial services*, the aggregate amount of which does not exceed the *simplified acquisition threshold* (see 2.101). subpart 13.5 provides special authority for *acquisitions* of *commercial products* and *commercial services* exceeding the *simplified acquisition threshold* but not exceeding \$7.5 million (\$15 million for *acquisitions* as described in 13.500 (c)), including *options*. See part 12 for policies applicable to the *acquisition* of *commercial products* and *commercial services* exceeding the *micro-purchase threshold*. See 36.602-5 for simplified procedures to be used when acquiring *architect-engineer services*.

13.001 Definitions.

As used in this part-

Authorized individual means a person who has been granted authority, in accordance with agency procedures, to acquire *supplies* and services in accordance with this part.

Governmentwide commercial purchase card means a purchase card, similar in nature to a commercial credit card, issued to authorized agency personnel to use to acquire and to pay for supplies and services.

Imprest fund means a cash fund of a fixed amount established by an advance of funds, without charge to an appropriation, from an agency finance or disbursing officer to a duly appointed cashier, for disbursement as needed from time to time in making payment in cash for relatively small amounts.

Third party draft means an agency bank draft, similar to a check, that is used to acquire and to pay for *supplies* and services. (See Treasury Financial Management Manual, Section 3040.70.)

13.002 Purpose.

The purpose of this part is to prescribe simplified acquisition procedures in order to-

- (a) Reduce administrative costs;
- (b) Improve opportunities for small, small disadvantaged, women-owned, veteran-owned, *HUBZone*, and *service-disabled veteran-owned small business concerns* to obtain a fair proportion of Government contracts:
 - (c) Promote efficiency and economy in contracting; and

(d) Avoid unnecessary burdens for agencies and contractors.

13.003 Policy.

- (a) Agencies *shall* use *simplified acquisition procedures* to the maximum extent practicable for all purchases of *supplies* or services not exceeding the *simplified acquisition threshold* (including purchases at or below the *micro-purchase threshold*). This policy does not apply if an agency can meet its requirement using-
- (1) Required sources of supply under <u>part 8</u> (*e.g.*, Federal Prison Industries, Committee for Purchase from People Who are Blind or Severely Disabled, and Federal Supply Schedule contracts);
 - (2) Existing indefinite delivery/indefinite quantity contracts; or
 - (3) Other established contracts.

(b)

- (1) Acquisitions of supplies or services that have an anticipated dollar value above the *micro-purchase threshold*, but at or below the *simplified acquisition threshold*, *shall* be set aside for small business concerns (see 19.000, 19.203, and subpart 19.5).
 - (2) The contracting officer may make an award to a small business concern under the-
 - (i) 8(a) Program (see subpart <u>19.8</u>);
 - (ii) Historically Underutilized Business Zone (*HUBZone*) Program (but see 19.1305);
- (iii) Service-Disabled Veteran-Owned Small Business (SDVOSB) Program (see subpart 19.14); or
 - (iv) Women-Owned Small Business (WOSB) Program (see <u>subpart 19.15</u>).
- (3) The following *contracting officer*'s decisions for *acquisitions* at or below the *simplified acquisition threshold* are not subject to review under subpart 19.4:
 - (i) A decision not to make an award under the 8(a) Program.
- (ii) A decision not to set aside an *acquisition* for *HUBZone* small business concerns, service-disabled veteran-owned small business concerns, or *EDWOSB* concerns and *WOSB* concerns eligible under the *WOSB* Program.
- (4) Each written *solicitation* under a set-aside *shall* contain the appropriate provisions prescribed by part 19. If the *solicitation* is oral, however, information substantially identical to that in the provision *shall* be given to potential quoters.

(c)

(1) The contracting officer shall not use simplified acquisition procedures to acquire supplies and services if the anticipated award will exceed-

- (i) The simplified acquisition threshold; or
- (ii) \$7.5 million (\$15 million for *acquisitions* as described in <u>13.500(c)</u>), including *options*, for *acquisitions* of *commercial products* or *commercial services* using subpart <u>13.5</u>.
- (2) Do not break down requirements aggregating more than the *simplified acquisition* threshold (or for commercial products and commercial services, the threshold in subpart 13.5) or the micro-purchase threshold into several purchases that are less than the applicable threshold merely to-
 - (i) Permit use of simplified acquisition procedures; or
- (ii) Avoid any requirement that applies to purchases exceeding the *micro-purchase* threshold.
- (d) An agency that has specific statutory authority to acquire personal services (see $\underline{37.104}$) may use simplified acquisition procedures to acquire those services.
- (e) Agencies *shall* use the *Governmentwide commercial purchase card* and electronic purchasing techniques to the maximum extent practicable in conducting simplified *acquisitions* (but see 32.1108(b)(2)).
- (f) Agencies *shall* maximize the use of *electronic commerce* when practicable and cost-effective (see $\underline{\text{subpart } 4.5}$). Drawings and lengthy specifications can be provided off-line in hard copy or through other appropriate means.
- (g) Authorized individuals shall make purchases in the simplified manner that is most suitable, efficient, and economical based on the circumstances of each acquisition. For acquisitions not expected to exceed-
- (1) The simplified acquisition threshold when acquiring other than commercial products or commercial services, use any appropriate combination of the procedures in parts 13, 14, 15, 35, or 36, including the use of Standard Form1442, Solicitation, Offer, and Award (Construction, Alteration, or Repair), for construction contracts (see 36.701(a)); or
- (2) \$7.5 million (\$15 million for *acquisitions* as described in 13.500(c)), for *commercial products* or *commercial services*, use any appropriate combination of the procedures in parts 12, 13, 14, and 15 (see paragraph (d) of this section).
 - (h) In addition to other considerations, contracting officers shall-
 - (1) Promote competition to the maximum extent practicable (see <u>13.104</u>);
- (2) Establish deadlines for the submission of responses to *solicitations* that afford suppliers a reasonable opportunity to respond (see 5.203);
- (3) Consider all quotations or *offers* that are timely received. For evaluation of quotations or *offers* received electronically, see 13.106-2(b)(4); and
- (4) Use innovative approaches, to the maximum extent practicable, in awarding contracts using *simplified acquisition procedures*.

13.004 Legal effect of quotations.

- (a) A quotation is not an *offer* and, consequently, cannot be accepted by the Government to form a binding contract. Therefore, issuance by the Government of an order in response to a supplier's quotation does not establish a contract. The order is an *offer* by the Government to the supplier to buy certain *supplies* or services upon specified terms and conditions. A contract is established when the supplier accepts the *offer*.
- (b) When appropriate, the *contracting officer may* ask the supplier to indicate acceptance of an order by notification to the Government, preferably *in writing*, as defined at 2.101. In other circumstances, the supplier *may* indicate acceptance by furnishing the *supplies* or services ordered or by proceeding with the work to the point where substantial performance has occurred.
- (c) If the Government issues an order resulting from a quotation, the Government *may* (by written notice to the supplier, at any time before acceptance occurs) withdraw, amend, or cancel its *offer*. (See <u>13.302-4</u> for procedures on termination or cancellation of *purchase orders*.)

13.005 List of laws inapplicable to contracts and subcontracts at or below the simplified acquisition threshold.

- (a) The following laws are inapplicable to all contracts and subcontracts (if otherwise applicable to subcontracts) at or below the *simplified acquisition threshold* pursuant to <u>41 U.S.C. 1905</u>:
- (1) <u>10 U.S.C. 983</u>, Institutions of Higher Education that Prevent ROTC Access or Military Recruiting on Campus: Denial of Grants and Contracts from Department of Defense, Department of Education, and Certain Other Departments and Agencies (see 9.110).
 - (2) 10 U.S.C. 2306(b) and 41 U.S.C. 3901(b) (contract clause regarding contingent fees).
- (3) $\underline{10}$ U.S.C. $\underline{2313}$ and $\underline{41}$ U.S.C. $\underline{4706}$ (authority to examine books and records of (contractors).
- (4) <u>10 U.S.C. 2402</u> and <u>41 U.S.C. 4704</u> (prohibition on limiting subcontractors direct sales to the *United States*).
- (5) <u>22 U.S.C. 2593e</u> Measures Against Persons Involved in Activities that Violate Arms Control Treaties or Agreements with the *United States*. (The requirement at <u>22 U.S.C.</u> <u>2593e(c)(3)(B)</u> to provide a certification does not apply.)
- (6) <u>31 U.S.C. 1354</u>(a) Limitation on Use of Appropriated Funds for Contracts with Entities Not Meeting Veterans' Employment Reporting Requirements (see <u>22.1302</u>).
 - (7) 41 U.S.C. 8102(a)(1) (*Drug-Free Workplace*), except for individuals.
- (b) The Federal *Acquisition* Regulatory Council (FAR Council) will include any law enacted after October 13, 1994, that sets forth policies, procedures, requirements, or restrictions for the *acquisition* of property or services, on the list set forth in paragraph (a) of this section. The FAR Council *may* make exceptions when it determines *in writing* that it is in the best interest of the Government that the enactment *should* apply to contracts or subcontracts not greater than the *simplified acquisition threshold*.

- (c) The provisions of paragraph (b) of this section do not apply to laws that-
 - (1) Provide for criminal or civil penalties; or
- (2) Specifically state that notwithstanding the language of <u>41 U.S.C. 1905</u>, the enactment will be applicable to contracts or subcontracts in amounts not greater than the *simplified acquisition threshold*.
- (d) Any individual *may* petition the Administrator, Office of Federal *Procurement* Policy (OFPP), to include any applicable provision of law not included on the list set forth in paragraph (a) of this section unless the FAR Council has already determined *in writing* that the law is applicable. The Administrator, OFPP, will include the law on the list in paragraph (a) of this section unless the FAR Council makes a determination that it is applicable within 60 days of receiving the petition.

13.006 Inapplicable provisions and clauses.

While certain statutes still apply, pursuant to Public Law103-355, the following provisions and clauses are inapplicable to contracts and subcontracts at or below the *simplified acquisition threshold*:

- (a) <u>52.203-5</u>, Covenant Against Contingent Fees.
- (b) <u>52.203-6</u>, Restrictions on Subcontractor Sales to the Government.
- (c) <u>52.203-7</u>, Anti-Kickback Procedures.
- (d) <u>52.215-2</u>, Audits and Records-Negotiation, except as used with its *Alternate* I, when using funds appropriated or otherwise made available by the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5).
 - (e) 52.222-4, Contract Work Hours and Safety Standards-Overtime Compensation.
 - (f) <u>52.223-6</u>, *Drug-Free Workplace*, except for individuals.
 - (g) <u>52.223-9</u>, Estimate of Percentage of *Recovered Material* Content for EPA-Designated Items.

Part 14 - Sealed Bidding

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14.000 Scope of part.

This part prescribes-

(a) The basic requirements of contracting for supplies and services (including construction) by

sealed bidding;

- (b) The information to be included in the *solicitation* (invitation for bids);
- (c) Procedures concerning the submission of bids;
- (d) Requirements for opening and evaluating bids and awarding contracts; and
- (e) Procedures for two-step sealed bidding.

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15.000 Scope of part.

This part prescribes policies and procedures governing competitive and noncompetitive negotiated *acquisitions*. A contract awarded using other than sealed bidding procedures is a negotiated contract (see 14.101).

15.001 Definitions.

As used in this part-

Deficiency is a material failure of a proposal to meet a Government requirement or a combination of significant *weaknesses* in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level.

Proposal modification is a change made to a proposal before the *solicitation* closing date and time, or made in response to an amendment, or made to correct a mistake at any time before award.

Proposal revision is a change to a proposal made after the *solicitation* closing date, at the request of or as allowed by a *contracting officer*, as the result of negotiations.

Weakness means a flaw in the proposal that increases the risk of unsuccessful contract performance. A "significant weakness" in the proposal is a flaw that appreciably increases the risk of unsuccessful contract performance.

15.002 Types of negotiated acquisition.

- (a) *Sole source acquisitions*. When *contracting* in a sole source environment, the request for proposals (RFP) *should* be tailored to remove unnecessary information and requirements; *e.g.*, evaluation criteria and voluminous proposal preparation instructions.
- (b) *Competitive acquisitions*. When *contracting* in a competitive environment, the procedures of this part are intended to minimize the complexity of the *solicitation*, the evaluation, and the source selection decision, while maintaining a process designed to foster an impartial and comprehensive evaluation of *offerors*' proposals, leading to selection of the proposal representing the *best value* to the Government (see 2.101).

Part 16 - Types of Contracts

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16.702 Basic agreements.

16.703 Basic ordering agreements.

16.000 Scope of part.

This part describes types of contracts that *may* be used in *acquisitions*. It prescribes policies and procedures and provides guidance for selecting a contract type appropriate to the circumstances of the *acquisition*.

16.001 Definitions.

As used in this part-

Award-Fee Board means the team of individuals identified in the award-fee plan who have been designated to assist the Fee-Determining Official in making award-fee determinations.

Established price means a price that—

(1)Is an established catalog or market price for a *commercial product* sold in substantial quantities to the general public; and

(2) Is the net price after applying any standard trade discounts offered by the contractor.

Fee-Determining Official (FDO) means the designated Agency official(s) who reviews the recommendations of the Award-Fee Board in determining the amount of award fee to be earned by the contractor for each evaluation period.

Rollover of unearned award fee means the process of transferring unearned award fee, which the contractor had an opportunity to earn, from one evaluation period to a subsequent evaluation period, thus allowing the contractor an additional opportunity to earn that previously unearned award fee.

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17.604 Identifying management and operating contracts.

17.605 Award, renewal, and extension.

<u>Subpart 17.7 - Interagency Acquisitions: Acquisitions by Nondefense Agencies on Behalf of the Department of Defense</u>

17.700 Scope of subpart.

17.701 Definitions.

17.702 Applicability.

17.703 Policy.

17.000 Scope of part.

This part prescribes policies and procedures for the *acquisition* of *supplies* and services through special *contracting* methods, including-

- (a) Multi-year contracting;
- (b) Options; and
- (c) Leader company contracting.

Subpart 17.3 - [Reserved]

18.118 Overtime approvals.

18.119 Trade agreements.

18.121 Bid guarantees.

Part 18 - Emergency Acquisitions

18.000 Scope of part. 18.001 Definition. Subpart 18.1 - Available Acquisition Flexibilities 18.101 General. 18.102 System for Award Management. 18.103 Synopses of proposed contract actions. 18.104 Unusual and compelling urgency. 18.105 Federal Supply Schedules (FSSs), multi-agency blanket purchase agreements (BPAs), and multi-agency indefinite delivery contracts. 18.106 Acquisitions from Federal Prison Industries, Inc. (FPI). 18.107 AbilityOne specification changes. 18.108 Qualifications requirements. 18.109 Priorities and allocations. 18.110 Soliciting from a single source. 18.111 Oral requests for proposals. 18.112 Letter contracts. 18.113 Interagency acquisitions. 18.114 Contracting with the Small Business Administration (The 8(a) Program). 18.115 HUBZone sole source awards. 18.116 Service-disabled Veteran-owned Small Business (SDVOSB) sole source awards. 18.117 Awards to economically disadvantaged women-owned small business concerns and women-owned small business concerns eligible under the Women-Owned Small Business Program.

18.120 Use of patented technology under the North American Free Trade Agreement.

- 18.122 Advance payments.
- 18.123 Assignment of claims.
- 18.124 Electronic funds transfer.
- 18.125 Protest to GAO.
- 18.126 Contractor rent-free use of Government property.
- 18.127 Extraordinary contractual actions.

Subpart 18.2 - Emergency Acquisition Flexibilities

- 18.201 Contingency operation.
- 18.202 Defense or recovery from certain events.
- 18.203 Emergency declaration or major disaster declaration.
- 18.204 Humanitarian or peacekeeping operation.
- 18.205 Resources.

18.000 Scope of part.

- (a) This part identifies *acquisition* flexibilities that are available for *emergency acquisitions*. These flexibilities are specific techniques or procedures that *may* be used to streamline the standard *acquisition* process. This part includes-
 - (1) Generally available flexibilities; and
 - (2) *Emergency acquisition flexibilities* that are available only under prescribed circumstances.
- (b) The *acquisition* flexibilities in this part are not exempt from the requirements and limitations set forth in FAR part 3, Improper Business Practices and Personal Conflicts of Interest.
 - (c) Additional flexibilities may be authorized in an executive agency supplement to the FAR.

18.001 Definition.

Emergency acquisition flexibilities, as used in this part, means flexibilities provided with respect to any acquisition of supplies or services by or for an executive agency that, as determined by the head of an executive agency, may be used-

- (a) In support of a *contingency operation* as defined in 2.101;
- (b) To facilitate the defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack against the *United States*;
 - (c) In support of a request from the Secretary of State or the Administrator of the *United States*

Agency for International Development to facilitate the provision of international disaster assistance; or
(d) When the President issues an emergency declaration, or a major disaster declaration.